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(b) whether its finances are sufficiently satisfactory to undertake electric lighting;

(c) whether the Government have considered the question of undertaking the electric installation themselves and then handing over the same to the municipality; and

(d) if not, whether they will be pleased to do so?

A.—(a) No.
(b) Yes.
(c) No.
(d) No.

Rajkumar S. N. DORAI RAJA:—"With reference to clause (b), may I know what is the basis of the Government for the assurance that the finances are sufficiently satisfactory?"

The hon. Dr. P. SUBBARAYAN:—"The Government have formed the opinion after seeing the financial condition of the municipality."

Rajkumar S. N. DORAI RAJA:—"May I ask whether it is not a fact that the collections of the municipality have fallen into considerable arrears?"

The hon. Dr. P. SUBBARAYAN:—"They are making all attempts to make speedy collections."

Rajkumar S. N. DORAI RAJA:—"Will Government publish a statement of the financial position of this municipality which I, as a Councillor till very recently, know to be unsound?"

The hon. Dr. P. SUBBARAYAN:—"I do not think that course is necessary."

Defalcations in Bezwada municipality.

* 385 Q.—The ZAMINDAR OF MIRZAPURAM: Will the hon. the Minister for Education and Local Self-Government be pleased to state—

(a) whether it is a fact that there are defalcations to the extent of about Rs. 12,000 in the Bezwada Municipality, Rs. 5,000 by issuing false and forged municipal receipts and the balance by not crediting the receipts in the municipal accounts;

(b) whether it is a fact that they commenced in 1926 and continued up to March 1928 and who is responsible for this state of things;

(c) what is the income of the Bezwada Municipality and what is the arrear balance for 1927–28 and what is the cause for so much balance;

(d) whether the accounts of the Bezwada Municipality have been audited during the last three years; if so, at what periods;

(e) whether it is a fact that the Vice-Chairman has submitted a report to the Government about these defalcations in March last and what action the Government have taken thereon; and

(f) whether the Government will be pleased to institute a thorough and complete enquiry into the affairs of the Bezwada Municipality?

A.—(a) The total defalcations are reported to amount to Rs. 7,821–13–6 and, after adjusting pay, provident fund subscriptions, bonus and securities and the amounts paid by the bill collectors, the net amount to be recovered from the bill collectors and others concerned is Rs. 4,975–1–8. In addition, Rs. 3,257–7–9 was

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collected and misappropriated by the same parties on forged receipts. Another sum of Rs. 36-14-0 was also misappropriated by the irregular issue of manuscript receipts.

(b) The Government presume that the defalcations began in July 1927, but they have no precise information on this point. The question of responsibility has not yet been finally disposed of.

(c) The actual collections under taxes and other leased-out revenues were Rs. 2,10,312 and the total arrear balance outstanding on 31st March 1928 amounted to Rs. 1,13,785-7-0. The reason for the accumulation of such heavy arrears is attributed by the Chairman to the fact that just at the close of the year the bill books were with the Police and the auditors.

(d) The accounts are audited quarterly and also annually. The annual audit for the three years ending 1927-28 took place during the following periods:—

Year.		Period of audit.
1925-26	...	From 28th May 1926 to 8th June 1926.
1926-27	...	From 19th May 1927 to 4th June 1927.
1927-28	...	From 4th July 1928 to 4th August 1928.

(e) Yes. The Government called for the remarks of the Chairman and upon their receipt recorded the papers, as criminal cases had been launched against some of those alleged to be concerned in the defalcations and were still *sub judice*. The Government have since received copies of the judgments in five cases, in all of which the subordinates have been convicted and fined. The Courts have ordered that out of the fines, when collected, a sum of Rs. 2,000 in all may be paid to the Municipal Council.

(f) The Chairman has already taken steps to prevent, as far as possible, misappropriation of municipal money in future. The Government have under consideration the question of ordering an enquiry into the financial transactions of the municipality for the last two or three years and are being kept informed of the progress made in recovery of the amounts misappropriated and the reduction of the heavy arrears of tax collections. They see no need to institute any general inquiry into the municipal administration of Bezwada.

Sriman BISWANATH DAS Mahasayo :—" With reference to clause (e), may I know whether the Municipal Chairman himself has reported the fact of these defalcations to the Examiner of Local Fund Accounts and to the Police long before the Vice-Chairman brought them to the notice of the Government and whether it is not laid down in the rules that the Local Fund auditors are to be informed and not the Government ? "

The hon. Dr. P. SUBBARAYAN :—" Action was taken on the report by the Chairman, Municipal Council, Bezwada."